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ASCS
Commodity
Fact Sheet**RICE****Summary of 1989 Support Program
and Related Information**United States
Department of
AgricultureAgricultural
Stabilization and
Conservation
Service

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**LEGISLATIVE
AUTHORITY**

The Agricultural Act of 1949; the Food Security Act of 1985; The Food Security Improvements Act of 1986; the Omnibus Budget Reconciliation Act of 1987; and the Disaster Assistance Act of 1988 provide authority for the 1989-crop rice program.

**ACREAGE
LIMITATION**

A 25 percent acreage limitation program has been announced for the 1989 crop. To be eligible for income and price support payments, farmers must limit 1989 rice plantings to no more than 75 percent of the farm's rice base. Acreage equal to 33.33 percent of the planted acreage must be devoted to approved conservation uses (referred to as Acreage Conservation Reserve (ACR) acres).

ACREAGE BASES

The 1989 acreage base for a farm is the average of the acres planted and considered planted (P and CP) during the previous five years (1984-1988). Years with zero P and CP acreage may be excluded from the calculation, but in such cases the acreage base cannot exceed the 1987-1988 average including zero years. For the purposes of establishing the 1989 acreage base, P and CP credit is given for the full base for any year during 1984-1988 in which the farm participated in the acreage reduction program, as well as for years when zero planted acreage was certified to the county ASCS office. On farms that have been following a definite crop rotation program, the acreage base reflects rotations. Producers will not be permitted to adjust any crop acreage base by up to 10 percent of the base with a corresponding downward adjustment in other crop acreage bases on the farm.

**TARGET PRICE AND
DEFICIENCY PAYMENTS**

The 1989 established "target" price is \$10.80 per cwt. If the market price received by farmers during the first five months of the marketing year (August through December) is at or above the target price, no deficiency payments will be made. If the average price is below the target price, eligible producers will receive payments at a rate equal to the difference between the target price and the higher of the loan level or the average market price.

50/92 PROVISION

Deficiency payments are available on the acreage planted to rice within the permitted acreage. However, growers who plant less than their permitted acreage may receive deficiency payments on a portion of their underplanted

acreage. If growers plant between 50 and 92 percent of their permitted acreage to rice and devote the remaining acres of their permitted acreage to a conserving use (CU), they will be eligible to receive deficiency payments on 92 percent of the permitted acreage. A minimum payment rate is not guaranteed under the rice 50/92 provision.

ACR/CU USES

Grazing of ACR and CU acreage of the 50/92 provision will be permitted except during 5 consecutive months of the 7-month period between April 1 and October 31 as designated by the State Agricultural Stabilization and Conservation Committee.

Haying will not be allowed except under emergency conditions unless it is determined, based upon information submitted by a State ASC Committee, that haying will not result in an adverse economic effect in the State. Haying and grazing of Conservation Reserve Program acreage is prohibited.

DEFICIENCY PAYMENTS

Advance deficiency payments based on 30 percent of the projected deficiency payment rate of \$1.29 per cwt. (\$0.39) are available to producers enrolled in the 1989 program. The advance will be paid in cash at signup and will be limited to the producer's intended program acreage.

An additional advance deficiency payment of 10 percent will be made available only to those producers who requested advance payments under the 1989 signup. The additional payments will be issued after May 15 in commodity certificates.

Final deficiency payments will be made starting in February 1990. Any advances received will be deducted from the total payment due. Producers who accept advance payments, but who later do not comply with program provisions, must immediately refund the advance with interest.

MARKETING LOANS

The 1989 loan and purchase rate is \$6.50 per cwt. Loan rates for individual lots of rice are based on the class, milling yield, and quality of the rice. The whole kernel loan rates per pound are 10.81 cents for long grain and 9.81 cents for medium and short grain. The broken kernel rate is 5.41 cents. National average farm stored loan rates will be \$6.68 per cwt. for long grain rice, \$6.13 per cwt. for medium grain rice, and \$5.98 per cwt. for short grain rice. Individual farm stored loan rates will be established by State for each class of rice. Loans are available from harvest time through March 31, 1990. Loans mature on demand but not later than the last day of the ninth calendar month following the month in which the loan application was made.

Loans may be repaid at a level which is the lower of 1) the loan level or 2) the higher of the world price or 70 percent of the loan level of the rice.

LOAN GAIN PAYMENTS

Eligible rice producers were offered the option of receiving a cash payment equal to the gain which might be realized by repaying a price support loan. The gain is the difference between the loan rate and the prevailing world market price.

Under this option, producers may elect to apply for a loan deficiency payment during the loan availability period on a quantity of rice not to exceed their program payment acreage times their program payment yield. Additional production from a farm may be pledged as collateral for a farm or warehouse-stored price support loan.

The loan deficiency payments will reflect state average milling outturns and quality for separate rice classes, rather than individual lot quality.

Producers will have the option of pledging all eligible rice production as loan collateral and receiving their full marketing loan gain, if any, by repaying their loan at the prevailing world market price.

The special rice loan program, under which green rice was pledged as loan collateral for the purpose of obtaining the marketing loan gain, will not be available for the 1989 rice crop.

WORLD PRICE

The Secretary of Agriculture announces the world price of rice based on a published formula. The world price is based on prices at which foreign-origin rice is being sold in world markets. Such prices are adjusted to U.S. quality and location and are calculated to a loan rate basis, that is, separately for long, medium, and short whole milled kernels and for broken milled kernels. Producers multiply the announced prices by the milling outturns of their rice to determine its world price.

MARKETING CERTIFICATES

Generic commodity certificates will be made available to producers and eligible cooperatives selling rice or repaying price support loans if such transactions occur when the prevailing world price for the rice is below the current loan repayment rate. The certificates' value will equal the difference between the loan repayment rate for the eligible rice and the world market price multiplied by the quantity of eligible rice sold or redeemed. Application for certificates must generally be made within 30 days from the date the loan was repaid or, for rice not pledged as loan collateral, from the day the rice was sold.

CROSS COMPLIANCE

Limited cross compliance is in effect for the 1989 rice crop. To be eligible for price support loans, purchases or payments for rice, the acreage planted for harvest to other program crops on the farm may not exceed the crop acreage bases for those crops.

FARM PAYMENT YIELD

The 1989 farm program payment yield is the average of the program payment yields for the 1981-1985 crops, excluding the years with the highest and lowest yields. However, producers whose 1989 program yields are reduced below 90 percent of their 1985 program yields will receive certificates to ensure returns as if the yield had not been reduced by more than 10 percent.

PAYMENT LIMITATION

The total deficiency and diversion payments under the rice, wheat, feed grain, upland cotton, and extra long staple cotton programs are limited to \$50,000 per person. In addition, the total of the following payments, combined with the total deficiency and diversion payments, is limited to \$250,000 per person: (1) disaster payments; (2) any gain realized by repaying a loan at a lower level than the original loan level, including loans for honey or any other commodity; (3) any deficiency payment for wheat or feed grain attributable to a reduction in the statutory loan level; (4) any loan deficiency payment; (5) any inventory reduction payment and; (6) any payment representing compensation for resource adjustment (other than diversion payments) or public access for recreation. Excluded from the limitation are price support loans, upland cotton first handler certificate payments, and rice marketing certificate payments.

Producers whose deficiency payments are estimated to be reduced by the payment limitation are eligible to have their required ACR acres decreased in proportion to the reduction in payments. The reduced ACR acres can then be planted to an alternative crop.

DIVISION OF PAYMENTS

Payments must be divided as the crops or proceeds are divided (or would have been divided if the crops had been produced).

SODBUSTER/SWAMPBUSTER PROVISIONS

Any person who, after December 23, 1985, brings into production a field which is predominantly highly erodible land, or who converts wetland to the production of any agricultural commodity, will be ineligible on his or her entire farm or farms for any farm program benefit or payment.

GRAMM-RUDMAN-HOLLINGS-ACT

Payments and loans to producers for the 1989 crops will not be subject to a reduction.

Summary Table I: Rice: Production, Supply, Price, and Income Measures, 1978-1989

		Unit	1978/79	1979/80	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89
<u>PROGRAM PROVISIONS</u>													
ARP/CLD	Percent												
Allotment/Base	1000 Acres	1800	--	--	--	--	--	15	15/5/30	25	20/15	35	25
Participation Rate	Percent							3969	3946	4160	4234	4249	35
Comply Base/Pay	Acres	1000 Acres	--	--	--	--	--	78	99	85	90	94	4183
ACR & CU	"	"	--	--	--	--	--						4155
Diverted/PIK	"	"	--	--	--	--	--						4168
<u>ACREAGE/YIELD</u>													
Planted Acres	Percent												
Harvested Acres	1000 Acres	1800	--	--	--	--	--						
Harvested Yield	Pounds/Ac.												
Program Yield	"	4589	4591	4586	4589	4825	4889	5000	5036	5036	4713	4713	2771
<u>SUPPLY/USE</u>													
Beginning Stocks	Mil. Cwt.												
Production	"	27.4	31.6	25.7	16.5	49.0	71.5	46.9	64.7	77.3	51.4	31.4	26.7
Imports	"	133.2	131.9	146.2	182.7	153.6	99.7	138.8	134.9	133.4	129.6	159.5	156.4
Total Supply	"	160.7	163.6	172.1	199.6	203.3	172.1	187.3	201.8	213.3	184.0	195.1	188.1
<u>UTILIZATION</u>													
Food	\$/Cwt.												
Seed	"	33.7	33.2	38.4	42.5	37.3	33.2	35.8	45.6	51.3	55.3	58.3	60.5
Brewers	"	4.3	4.8	5.1	4.4	3.2	3.3	2.8	2.6	2.6	3.2	3.0	3.2
Total Domestic	"	11.2	11.2	11.0	12.7	13.5	12.8	13.9	14.1	14.8	15.4	15.5	15.7
PL-480	"	49.2	49.2	54.5	59.6	54.0	52.5	62.3	68.7	73.9	76.9	79.4	79.4
Commercial	"	14.8	14.7	9.5	6.1	16.7	13.5	13.1	13.8	19.7	16.8	17.5	14.0
Total Exports	"	60.9	67.9	81.9	75.9	52.2	56.8	49.0	44.9	64.5	55.4	68.1	65.0
Residual	"	75.7	82.6	91.4	82.0	68.9	70.3	62.1	58.7	84.2	72.2	85.6	79.0
Total Disappearance	"	4.2	6.1	9.7	9.0	8.9	8.0	3.5	9.0	6.5	6.0	6.0	6.0
ENDING STOCKS	"	129.1	137.9	155.6	150.6	131.8	125.2	122.6	124.5	161.9	152.6	168.4	164.4
CCC Inventory	"	31.6	25.7	16.5	16.5	49.0	71.5	46.9	64.7	51.4	31.4	26.7	23.7
Free	"	8.3	1.7	--	17.5	22.3	25.0	44.3	43.6	8.7	0.1	0.0	0.0
Free Stock/Use	Percent	23.2	24.0	16.5	31.5	49.2	21.9	20.4	33.7	42.7	31.3	26.7	23.7
<u>PRICES</u>													
Target price	\$/Cwt.	8.53	9.05	9.49	10.68	10.85	11.40	11.90	11.90	11.66	11.15	10.80	
Loan Rate	"	6.40	6.79	7.12	8.01	8.14	8.14	8.00	7.20	6.84	6.63	6.50	
Season/Farm Price	"	8.16	10.50	12.80	9.05	7.91	8.57	8.04	6.53	3.75	7.27	6.83	6.00-8.00
5-Month Price	"	7.75	9.87	11.30	10.40	7.69	8.63	8.14	7.73	3.87	5.71	6.84	7.00
Deficiency/CLD Rate	"	.78	--	--	.28	2.77/2.70	3.76	3.90/3.50	3.16	4.70	4.82	4.31	3.80
World Price	"	--	--	--	--	--	--	3.82	5.77	6.18	6.18	--	--
<u>INCOME FACTORS</u>													
Production Mkt. Value	Mil. \$	1087	1384	1873	1654	1246	876	1119	881	500	942	1075	1095
Deficiency Payments	"	58	--	22	267	233	380	375	495	545	535	510	510
Mkt. Loan/Certif.	"	--	--	--	--	--	--	--	387	96	65	83	95
Diversion/PIK	"	--	--	--	--	--	23/362	--	93	--	--	--	--
Disaster Payments	"	1	2	--	--	--	--	--	--	--	--	--	--
Total Income	"	1146	1385	1875	1676	1513	1494	1499	1636	1383	1687	1675	1688
MILLING RATE	Percent	70.7	72.2	73.0	72.1	71.0	71.1	69.6	70.8	71.2	69.9	72.1	70.0

